

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 DOE-15 SOE-02 AGRE-00 /118 W
-----099481 170731Z /11

R 161437Z JUN 78
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 3212
INFO AMCONSUL FRANKFURT
AMEMBASSY TOKYO
AMEMBASSY PARIS
USDOC WASHDC

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USOECD
USDOC FOR BEWT

E.O.11652:N/A
TAGS:EEWT, EQUIP, EFIN, JA, UR
SUBJECT: DOLLAR PRICING OF EXPORTS

REF: (A) FRANKFURT 4160, (B) FRANKFURT 3941, (C) MOSCOW
8957

1. FURTHER TO REF C, EMBASSY E/C COUNSELOR HAD DISCUSSIO
JUNE 14 WITH SOVIET FOREIGN TRADE OFFICIAL (LYKOV,
SOYUZVNESHSTROJIMPORT) IN PRESENCE OF VISITING CATERPILL
OFFICIALS ABOUT COMPETITIVE JAPANESE BIDS. LYKOV:

-- CONFIRMED THE EARLIER REPORT FROM ANOTHER CATERPILLAR
SOURCE THAT THERE HAD BEEN NO CHANGE IN THE DOLLAR PRICE
OF JAPANESE BIDS, IN SPITE OF THE CHANGE IN THE RELATIVE
VALUE OF THE YEN AND THE DOLLAR; LYKOV ALSO SAID
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FLATLY THAT JAPANESE EQUIPMENT IS CHEAPER;

-- COMPLAINED OF THE HIGH PRICE OF SPARE PARTS FOR
EQUIPMENT BUT REFUSED TO DISTINGUISH BETWEEN JAPANESE AN
AMERICAN PRACTICE (HE SPECIFICALLY DECLINED TO ACCEPT
THE ARGUMENT THAT AMERICAN SPARES WERE CHEAPER);

-- PRAISED JAPANESE FIRMS FOR THE SPEED WITH WHICH THEY DELIVER SPARE PARTS IN CASE OF NEED AND COMPARED THEM FAVORABLY TO CATERPILLAR IN THIS RESPECT (CATERPILLAR PEORIA SALES MANAGER COYLE COMMENTED THAT THIS MUST BE EXCEPTION TO WORLDWIDE PRACTICE, AND COUNSELOR MENTIONED THAT DELAYS MAY BE IN USSR ITSELF);

-- NOTED THAT JAPANESE SPARES COME THROUGH NAKHODKA (WHEREAS CATERPILLAR IS SHIPPING ITS PARTS FROM WESTERN EUROPE), THUS TAKING ADVANTAGE OF GEOGRAPHICAL PROXIMITY.

2. COMMENT: IT SEEMS CLEAR THAT, AT LEAST FOR SHORT TERM US BUSINESS CANNOT OBTAIN "CLASSICAL" ADVANTAGES OF A DEVALUATION IN COMPETITION WITH JAPANESE BECAUSE THE LATT ARE ABSORBING THE REVALUATION LOSS IN ORDER TO REMAIN THE LOWEST BIDDER. MATLOCK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOLLAR, EXPORTS, PRICE INDEXES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MOSCOW13948
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780253-0824
Format: TEL
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780650/aaaabrlh.tel
Line Count: 79
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 43d05087-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 FRANKFURT 4160, 78 FRANKFURT 3941
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2322692
Secure: OPEN
Status: NATIVE
Subject: DOLLAR PRICING OF EXPORTS
TAGS: EEWT, EQIP, EFIN, JA, UR, US
To: STATE USOECD
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/43d05087-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014